

HOFSTETTER LAW OFFICE

608 West Franklin Street
Boise, Idaho 83702

Dana@IdahoWaterLaw.com

Dana L. Hofstetter
Attorney at Law

Telephone: (208) 424-7800
Facsimile: (208) 424-8774

July 10, 2009

RECEIVED

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WATER RESOURCES
WESTERN REGION

Via Facsimile and U.S. Mail

Jean Hersley
Office Specialist II
Western Region Office
Idaho Department of Water Resources
2735 Airport Way
Boise, Idaho 83705-5082

Re: Notice of Change in Water Right Ownership - Water Right No. 63-8531

Dear Ms Hersley:

I am responding to your June 11, 2009, letter to G.O. Investments, LLC concerning the Notice of Change in Water Right Ownership for Water Right No. 63-8531. As you indicate, it appears that the deeds provided in connection with this Notice of Change in Water Right Ownership only covered a portion of the place of use for Water Right No. 63-8531. As you know, the place of use decreed for this water right in the Snake River Basin Adjudication ("SRBA") includes all four quarters of the NE1/4 of Section 3, Township 4 North, Range 5 West. However, as you noted, the deeds submitted in connection with the Notice of Change in Water Right Ownership only covered Lot 1 (NE1/4NE1/4) and the SE1/4NE1/4 of Section 3, while Lot 2 (NW1/4NE1/4) and the SW1/4NE1/4 of Section 3 were not covered by the deeds submitted.

Accordingly, I discussed this matter with Ray Obendorf, a principal in both G.O. Investments, LLC, the new entity, and Rim Ranches Inc., the entity that was originally named in the license for this water right and later named in the SRBA Partial Decree for this water right. He informed me that he developed this water right on behalf of his entity, Rim Ranches Inc., on property he owned and also on adjacent property that he leased. It is noted that the associated well is located on the property owned by Rim Ranches. Under Idaho law, a lessee can hold a water right on property owned by another and this appears to be such an

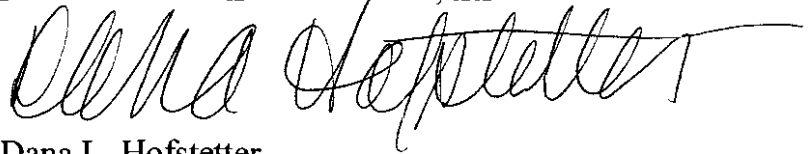
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instance. See *First Security Bank of Blackfoot v. State of Idaho*, 49 Idaho 740, 746, 291 P. 1064 (1930) ("If the water right was initiated by the lessee, the right is the lessee's property unless the lessee was acting as agent of the owner."). Accordingly, on behalf of G.O. Investments, LLC and Rim Ranches, Inc. I request that the name on all of Water Right No. 63-8731 be changed to G.O. Investments, LLC, including the portion associated with Lot 2 (NW1/4NE1/4) and the SW1/4NE1/4 of Section 3, Township 4 North, Range 5 West. G.O. Investments can make arrangements to transfer this portion of the water right to other ground it owns, if that would be appropriate.

Please do not hesitate to contact me if you have any further questions about this matter. Thank you.

Sincerely,

HOFSTETTER LAW OFFICE, LLC

A handwritten signature in black ink, appearing to read 'Dana Hofstetter', with a long horizontal flourish extending to the right.

Dana L. Hofstetter

cc: Ray Obendorf
4026.2/8643